

CORRECTED FISCAL NOTE

SB 906 - HB 1800

April 21, 2005

SUMMARY OF BILL: Extends the definition of “premiere type tourist resort (PTTR)” to include any county, or municipality within such county, ranking in the first quartile of counties considered economically distressed and located within one mile of the Tennessee River. Requires the county or municipality to use fifty percent of the additional allocation for the promotion or support of tourism.

ESTIMATED FISCAL IMPACT:

On March 6, 2005, we issued a fiscal note with the following fiscal impact: *The fiscal impact of this bill is dependent upon the City of Clifton’s allocation election. To the extent Clifton elects to take the special 4.5925% allocation, local government revenues to Clifton would decrease by approximately \$150,000 and would be distributed among the other municipalities. However, Clifton and the state would realize increases in revenues from LBTB taxes estimated at \$9,000 and \$11,500 respectively. To the extent Clifton elects to take the normal 4.2462% allocation, there would be no fiscal impact to state or local government.*

Based on additional information provided to us, the estimated impact of this bill is:

(CORRECTED)

Other Fiscal Impact – The fiscal impact of this bill is dependent upon the allocation elections of cities Clifton (Wayne County) and Savannah (Hardin County). To the extent Clifton elects to take the special 4.5925% allocation, local government revenues to Clifton would decrease by approximately \$150,000 and would be distributed among the other municipalities. However, Clifton and the state would realize increased revenues from LBTB taxes estimated at \$9,000 and \$11,500 respectively. To the extent Savannah elects to take the special 4.5925% allocation, local government revenues to Savannah would increase by an amount estimated as less than \$10,000. However, Savannah and the state would realize increases in revenues from LBTB taxes estimated at \$15,000 and \$20,000 respectively. To the extent Clifton and Savannah elect the normal 4.2462% allocation, there would be no fiscal impact to state or local government.

Assumptions:

- ECD identifies and ranks counties or municipalities considered *economically distressed* based on three qualifying indicators: unemployment, per-capita market income, and poverty rate.
- Based on ECD rankings, only the cities of Clifton and Savannah qualify as economically distressed under the criteria of this bill. As a result, it would be eligible for PTTR status.
- All PTTR areas are authorized to sell liquor-by-the-drink (LBTD).
- 4.2462% of all state-shared taxes are allocated to various counties and municipalities. Each county or municipality receives a share of this allocation (normal allocation) based on its population.
- Special allocation is 4.5925% of the amount actually remitted by the county or municipality.
- Fiscal impact of this bill is dependent upon the allocation elections made by the cities of Clifton and Savannah.
- To the extent Clifton elects to take the special allocation, it would lose an estimated \$150,000 in state-shared tax revenue. This revenue would be distributed among the other municipalities.
- To the extent Savannah elects to take the special allocation, it would gain an amount of state-shared tax revenue estimated at less than \$10,000.
- To the extent Clifton elects to take the special allocation, it would be able to sell LBTD. LBTD tax collections would increase by an amount estimated at \$20,500 (approximately \$11,500 would go to the state and approximately \$9,000 would go to Clifton).
- To the extent Savannah elects to take the special allocation, it would also be able to sell LBTD. LBTD tax collections would increase by an amount estimated at \$35,000 (approximately \$20,000 would go to the state and approximately \$15,000 would go to Savannah).
- To the extent the cities of Clifton and Savannah elect to take the normal allocation, there would be no fiscal impact to state or local government.
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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director